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FISCAL IMPACT STATEMENT

LS 6231

BILL NUMBER: SB 75

NOTE PREPARED: Mar 1, 2006

BILL AMENDED: Feb 16, 2006

SUBJECT: Military Family Relief Fund.

FIRST AUTHOR: Sen. Long

FIRST SPONSOR: Rep. Borror

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes the Military Family Relief Fund (Fund) to provide grants for essential family support expenses to the families of Indiana residents who: (1) are members of the Indiana National Guard or the armed forces reserves; and (2) have been called to active duty after September 11, 2001.

The bill allows the Veterans' Affairs Commission to establish the eligibility criteria and application and selection procedures for the grants. It requires the Director of Veterans' Affairs to report to the Budget Committee before August 1, 2006, on the grant determination procedures to be used. It also permits the Director of Veterans' Affairs or a member of the Commission to make a request to the General Assembly for an appropriation to the Fund. The bill annually appropriates any money in the Fund that is received from donations.

The bill permits a taxpayer to designate a donation for the fund on the taxpayer's state income tax return or vehicle registration. It provides that the amount appropriated in the budget bill for statutory fee remission in the state fiscal year beginning July 1, 2006, and ending June 30, 2007, may be used for dependents of veterans with disabilities not greater than zero percentage.

Effective Date: Upon passage; January 1, 2007.

Explanation of State Expenditures: *Military Family Relief Fund:* This bill creates the Military Family Relief Fund. The purpose of the Fund is to provide assistance with food, housing, utilities, medical services, basic transportation, and other essential family support expenses that have become difficult to afford for families of members of the armed forces or National Guard who were called to active duty after September 11, 2001. The

Director of the Department of Veterans' Affairs is to administer the Fund, which consists of the following: (a) appropriations made by the General Assembly, (b) donations, (c) interest, (d) money transferred to the Fund from other funds, and (e) money from any other source. The bill annually appropriates any money in the Fund that is received from donations. The Department is required to expend money in the Fund exclusively to provide grants for assistance.

The Director of the Department, after consulting with the Veterans' Affairs Commission, is required to report to the Budget Committee pertaining to: uniform need determination procedures; eligibility criteria; application procedures; selection procedures; coordination with other assistance programs; and other areas in which the Department adopts rules that it feels are necessary to ensure the uniform administration of the grant program.

Creation of Rules: The bill requires the Commission to adopt rules for the provision of grant money from the Fund. The expenses relating to the creation of these rules presumably could be implemented within the existing level of resources available to the Commission.

Veterans' Affairs Check-Off: The bill creates a mechanism for Indiana residents to donate money to the Fund when filing individual or joint state income taxes. The Department of State Revenue (DOR) would incur some administrative expenses relating to the revision of tax forms, instructions, and computer programs to incorporate the tax refund check-off for the Military Family Relief Trust Fund. The bill also requires the DOR to include a written description of the purposes of the Fund in the instructions for the individual income tax return. The check-off would begin in tax year 2007. The expenses relating to these changes presumably could be implemented within the level of DOR's existing budget and resources.

Bureau of Motor Vehicle Donations: The bill allows a person registering a vehicle to donate an additional amount designated by the owner for deposit in the Military Family Relief Trust Fund. Donations would be collected by the Bureau of Motor Vehicles and subsequently transferred by the Bureau to the Fund. The bill requires the Bureau to include instructions on a registration form describing how to designate and make a donation to the Fund.

As proposed, administrative duties and costs would increase for the Bureau. Actual increases are unknown at this time [Note: This fiscal note will be updated when additional information becomes available].

(Revised) *Fee Remissions:* The bill allows the appropriation made to the State Student Assistance Commission Statutory Fee Remission (SSACI) in the 2005 budget bill to be allotted and used for statutory fee remission related to dependents of veterans with disabilities not greater than zero percentage. Currently, the fee may be allotted and used for dependents of veterans with disabilities greater than zero percent. The Department of Veterans Affairs reports that it would experience a minimal increase in workload as a result; however, it would not necessitate additional staff.

Background Information on Fee Remissions: The federal government classifies disabled veterans as a percentage of disability from 0% to 100%. A 0% disability means that the veteran has a physical problem or the potential for one, but the federal government does not consider it significant enough for compensation. The classification could change if the problem becomes worse. During FY 2004, approximately 10.1% of applications were from veterans classified as 0% disabled, accounting for approximately \$1.5 M in fee remissions. As a result, the SSACI anticipates an increase of approximately \$1.5 M in approved fee remissions. Both the bill and current statute are silent as to what should occur if insufficient funds exist to provide a fee remission to all approved applicants. The SSACI reverted \$346,395 in FY 2005.

Background Information on Number of National Guard and Active Military: As of January 2006, the Indiana National Guard had deployed 8,397 persons. There were 1,010 active military armed forces in Indiana during 2005.

Explanation of State Revenues: *Veterans' Affairs Check-Off:* Currently, Indiana individual income tax forms include one check-off fund, the Non-Game Fund. In tax year 2003, the Fund collected \$363,478 from 29,069 tax returns. It is not known how this new check-off for the Military Family Relief Trust Fund will affect the amount of funds that are directed to the Non-Game Fund.

Bureau of Motor Vehicle Donations: Indiana does not currently collect any other donations in the manner set forth under the bill. Thus, expected revenue from donations is unknown.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue; Indiana Department of Veterans' Affairs; Bureau of Motor Vehicles; State Student Assistance Commission Statutory Fee Remission.

Local Agencies Affected:

Information Sources: Department of Veterans' Affairs; SSACI.

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